MEASURING UNETHICAL CONSUMER BEHAVIOR ACROSS FOUR COUNTRIES

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Abstract

The huge amounts spent on store security and crime prevention worldwide, not only costs international businesses, but also amounts to a hidden tax on those law-binding consumers who bear higher prices. Most previous research has focused on shoplifting and ignored many other ways in which consumers cheat businesses. Using a hybrid of both qualitative research and survey approaches in four countries, an index of 37 activities was developed to examine consumers' unethical activities across UK, US, France and Austria. The findings indicate that around three quarters of consumers in all four countries can be classified as heavy offenders for these minor cheats. The paper argues that government agencies, marketers, and retailers should adopt more pro-active preventative approaches, rather than reactive loss limitation measures to combat unethical behaviour.

Introduction

Even though the ethics of consumers has received some attention over the years (see Vitell 2003 for a review), most attention has been focused on the ethical behaviour of marketers (Baumhart 1961; Brenner and Molander 1977; Vitell and Festervand 1987; Schlegelmilch and Robertson 1995; Fukukawa, 2003). However, research indicates (Al-Khatib et al. 1997; Fullerton et al. 1997; Grove et al. 1989; Wikes 1978) that consumers are not only victimized, but also are victimizers, because for every norm of society, there is always a "norm of evasion" (Akers 1977). For example, retail crime in the EU and central Europe cost 29 038 millions Euros which amounts to 71.23 Euros for every person (European Retail Theft Barometer, 2006), while home copying and file sharing continue to impose major losses on the recording and software industries. This “criminality of the good” can be found in most countries and is increasing (Silverman 1999). As a result, most consumer research has focused on dishonest behaviour that has significant economic impact, e.g. shoplifting (e.g.,

Moschis and Powell 1986; Klemke 1982; Wikes 1978; Fullerton, Kerch, and Dodge 1996; McShane and Noonan 1993; Cox et al. 1990; Kallis et al. 1986; Klemke 1982). This leaves under researched a wide range of other unethical behaviours which are more subtle forms of misbehaving, e.g., receiving too much change and not saying anything. These more subtle forms of unethical activity have largely been overlooked in previous research as most studies on consumers' perceptions of different consumer unethical situations have used existing scales, e.g. Consumer Ethics Scale, without any significant expansion or development of the items (Al-Khatib, Vitell, and Rawwas 1997; Rawwas, Patzer, and Klassen 1994; Muncy and Vitell 1992; Wikes 1978). Second, most previous ethics research has been single-country studies (e.g., Vitell et al. 1991; Muncy and Vitell 1992, Rawwas et al. 1994; Rallapalli et al. 1994; Fullerton et al. 1996; Rawwas et al. 1998; Chan et al. 1998; Muncy and Eastman 1998; Erffmeyer et al. 1999) with a few cross-cultural investigations e.g., (Rawwas et al. 1994; Al-Khatib et al. 1997), and there has been very little on cross-cultural examination of unethical behaviour. In addition, the few cross-cultural investigations have focused on unethical attitudes and perceptions rather than behaviour. Consequently, we do not know how different countries' ethical beliefs affect unethical behaviour nor do we know how prevalent the more subtle unethical behaviours are. This information is needed if action is to be taken to reduce such activity by international businesses and social policy makers. The current study therefore sets out to examine the issue of consumers' unethical behaviour across a range of countries. The specific objectives of the study were to; develop an International Consumer Index for scoring consumers on their unethical activities; identify the prevalence of unethical activities between countries and to examine the measurement equivalence of the index across countries. We begin our study with a brief review of the theory underlying unethical consumer behaviour and develop the rationale for testing the measurement equivalence of the scale across countries. We then discuss our methodology, findings and conclusions.

Conceptual Framework

Although various terms have been used to describe consumers who behave unethically such as 'aberrant consumers' (Mills and Bonoma 1979) 'problem customers' (Bitner, Booms and Mohr, 1994), 'jaycustomers' (Lovelock, 1994), 'dysfunctional customers' (Harris and Reynolds, 2003), misbehaving consumers (Fullerton and Punj, 1997), we group all these as exhibiting unethical behavior. Wikes (1978) was one of the first to study unethical behavior of consumers against businesses by examining the perception of "wrongness" of fraudulent activities and the influence of perceived participation in middle-class housewives. Since then, other researchers have continued to examine what influences consumers to behave unethically (Hegarty and Sims 1978; Vitell et al. 1992; Fullerton et al. 1996; Muncy et al. 1998; Vitell et al. 1991; Rawwas 1996; Rawwas et al. 1995; Mitchell and Chan 2002, Harris and Reynolds, 2003). Although these studies have encompassed many unethical practices, including consumer dishonesty, cheating, corruption, fraud, and untruthfulness, shoplifting has been the main research focus, e.g. adolescent shoplifting (Cox et al. 1990; Cox et al. 1993), shoplifting in general (Kojan 1990), the economics of shoplifting (Schnedlitz 1996).

Most recently, researcher attention has been directed to digital piracy and "softlifting" (Thong and Yap 1998). The behavior of buying and using of unauthorized software in general (Lau 2007, Moores and Chang 2006, Tan 2002) and the behavior of personally downloading software and music (Al-Rafee and Cronan 2006; Chiou, Huang and Lee 2005; Gupta, Gould and Pola 2004) seem to share many antecedents such as cost considerations and a concern for ethics and risk. Interestingly, when the profitability of software companies and "exorbitant income of pop singers" (Chiou et al. 2005) is contrasted to the minor infringement of copyright violations, consumers may see their behavior as justified. Other studies have considered different actions of consumers which harm organizations such as unauthentic complaints (Mitchell and Critchlow, 1992, Prim and Pras, 1999) or psychological and physical abuse of employees (Harris and Reynolds, 2003). Here, we take a broader view of unethical consumer behavior which we define as "consumer direct or indirect actions which cause organizations or other consumers to loose

money or reputation".

Having defined our focal concept, we need to develop our understanding of why consumers engage in unethical behavior. Muncy and Vitell (1992) identified a framework containing three basic factors that affect ethical decision making, namely: (1) *the role played by consumers* (i.e., whether they are active or passive in the behavior); (2) *the perceived illegality of the behavior* (i.e., whether deceitful or fraudulent behaviors are involved); (3) *the perceived severity of the consequence* (i.e., whether the consumer activity can be noticed by others easily). The perceived illegality and severity of consequences can vary widely between countries. For example, lying about a child's age to get them a glass of beer would be seen very differently in the US where the legal age for drinking is 21 as opposed to in the France where it is 18 and most families drink alcohol with every meal. Indeed, research has already established some ethical variations between countries. Singhapkdi and Rawwas (1999) found Malaysian consumers less ethical than American consumers, which mirror findings in student populations (Burns and Brady, 1996), while Northern Irish consumers were found to be less ethical than consumers in Hong Kong (Rawwas and Patzer, 1995). Vasquez et al. (2001) compared moral behaviour in USA with the Philippines. Their findings confirmed that the USA moral behaviour is based on the Shweder et al.'s (1987) "autonomy ethics", whereas in the Philipines they observed a presence of all three codes of ethics (i.e., autonomy, community and divinity). Similar finding were reported by Shweder, Mahapatra, and Miller (1990) in their comparison of India and USA. Finally, Haidt, Koller and Dias's (1993) comparison of Brazil and USA identified social convention differences, but only in the less educated and lower socio-economic groups where Brazilians were found to be less permissive of social transgressions.

Muncy and Vitell's (1992) index of consumer unethical behaviour is one of the most comprehensive systematic taxonomies available and all the behaviours fall into the following

four categories: actively benefiting from illegal activities, passively benefiting from illegal activities, actively benefiting from questionable activities and no harm, no foul. This framework has already been used to understand unethical behavior in some individual countries (Muncy and Vittel 1992; Rawwas and Patzer, 1995; Mitchell and Chan 2002), but has never been tested to examine the cross-cultural equivalence of the items and categories. The research question addressed is which of Muncy and Vitell's (1992) categories of unethical activity will vary between countries. Here we use the framework to develop a proposition of how unethical activity might vary between countries based upon the invariance of the factors used to create the framework.

Proposition Development

Some authors support more universal forms of ethical standards (Turiel et al. 1987). For example, based on the work of Kohlberg (1981), Turiel et al. (1987) argued that in all cultures morality involves the concepts of harm, rights and justice. These are often bound by laws in most societies. According to Turiel et al. (1987), people across cultures, even from early age, know through observation the material and psychological consequences of harmful actions (e.g., stealing) to others. These types of moral guides to behaviour are arbitrary and universal. On the other hand, unethical behaviour with no harmful consequences -that does not revolve around harm, rights, or justice- falls in the domain of social conventions, such as not saying anything if a waitress miscalculates your bill in your favour. Social conventions, which are not legally based, but based on mores and codes of conduct can be powerful drivers of behaviour, but tend to be specific to a society or a group. Some theory and empirical evidence support these culturally instantiated forms of ethical behaviour (Shweder et al., 1997). Shweder et al. (1997) suggest that ethical behaviour in some cultures is shaped by autonomy, community and divinity. The "ethics of autonomy" involve harm, rights, justice and protection of a person's freedom of choice autonomy and control which is likely

to vary from society to society. The second force, "ethics of community", is similar to certain aspects of Turiel et al.'s (1987) "social conventions", and includes the concepts of duty, status, respect, obedience to authority, hierarchy, and actions that match the ascribed or attained social roles which are also likely to vary by culture. On the basis of the above, we expect that;

P1 Consumer unethical activities that involve harm to others and have legal considerations will be less culturally variable compared to behaviours that involve no harm/no foul.

Research Method

Choice of Countries

In order to make the research as useful to as many international businesses as possible, we chose to examine two of the major international trading areas, namely the US and EU. The four countries were chosen to represent these two powerful economic zones in the world, America and Europe. Although, in economic terms, US, France, Austria and Britain have a similar degree of stability and are among the richest nations in the world, ethically significant cultural differences exist. Given the diverse nature of the EU, we chose 3 countries in the EU which were primarily chosen to represent Catholic versus Protestant countries and individualist versus collectivistic countries. The countries have contrasting scores on Hofstede's (1980) individualism dimension, namely; US 91, UK 89, France 71, Austria 55. Although Hofstede's work has been criticized for being based largely on surveys of employees of one company and for ignoring the role of internal country cultural differences as well as being dated, they are still often used for in research contrasting cultures and are particularly suitable for some aspects of ethics research (Winch et al. 1997; Davis and Ruhe, 2003). The countries also vary on the basis of the predominant religions and the percentage of Protestants in each country are; US 55%. UK 60%, France 2%, Austria 4.7% and the percentage of Catholics are; US 26%, UK 8.5%, France 83%, Austria 74% (CIA 2007, US State Department).

Instrument Development

The first stage in developing the instrument was to identify the range of unethical behaviors which occur. To this end, data were collected through 20 in-depth interviews in each country to identify a list of unethical behaviors in the UK, US, France and Austria. In-depth interviews were used because their use is recommended when investigating topics that are considered to be sensitive and socially undesirable (Stewart and Shamdasani 1990). Full confidentiality and anonymity was repeatedly stressed so that the respondents felt more 'free' to respond. Typical questions included: "What types of consumer cheating are you aware of?" or "Describe how people you know cheat companies". Third person techniques were often used when questioning respondents. For example, respondents were asked to think of an unethical person and then describe what they might do. Variability in interpretation was minimized by using only one native researcher in each country. In addition to creating items for the questionnaire, individual in-depth interviews were also used to validate some items taken from other scales (e.g., Muncy and Vitell 1992; Vitell et al. 1991). Although the majority of the scale items had face validity in all countries, around 5 questions were altered to reflect actual practices in the countries under scrutiny. The preliminary index of 50 statements was piloted with 30 consumers in each country. 13 items were omitted which did not appear valid to respondents, were not understood or were not rated as ever done or contributed little explanatory power. As all items had to be valid in *all* countries items otherwise they were dropped from the initial item pool.

The final International Consumer Unethical Behaviour Index contained 37 items which were measured with a simple Done/Not Done question because previous research has only investigated the perceived wrongness of the situation and ignored behavior. To minimize refusal to answer and social desirability bias, the questions were designed with impersonal wording. The final section of the questionnaire contained demographic questions such as age, gender, religion, education, job and income. The questionnaire items were back-translated into French, German, and American English and were revised and adapted after being pre-tested with 20 consumers in each country.

Data Collection

The questionnaires were distributed to shoppers in one major city in each of the four countries. On-street intercept interviews resulted in 763 usable questionnaires. Every questionnaire was handed out accompanied with an explanation of how absolute anonymity was guaranteed and the 'ballot box' technique was used to collect completed questionnaires, i.e., after completing the questionnaire, interviewees put it into a neutral envelope, sealed it and placed it in a box. This helped to reduce the psychological barriers of respondents, but maintained the advantages of having an interviewer encourage the respondent to participate and help overcome any confidentiality concerns. However, researchers kept a discrete distance from respondents when they were filling-in the questionnaire.

Sample Characteristics

The characteristics of the sample are shown in Table 1. In each country a quota sample was chosen which reflected the current demographic profile of that country on age and gender. Chi square statistics confirm that there are no statistically significant gender or age differences in the four samples used (chi square for gender was3.489 df= 3 p= .322 and chi square for age was 16.869 df= 12 p= .155)

TABLE 1

SAMPLE CHARACTERISTICS FOR THE FOUR COUNTRIES

		Austria	**Britain**	**France**	**USA**
Total Sample		210	188	176	194
Gender (%)	Female	43.8	47.9	51.1	61.3
	Male	56.2	52.1	48.9	38.7
Age Group (%)	15 & below	1.0	2.1	1.1	1.0
	16 – 34	61.4	72.3	40.9	45.9
	35 – 54	32.0	20.7	39.8	41.2
	55 – 64	6.2	2.7	8.0	4.6
	65 & above	.05	2.1	10.2	6.2

Statistical Analysis

The analysis tries to establish to what extent unethical activities intended to measure Muncy and Vitell's (1992) dimensions actually measures them across the four countries (UK,

France, USA and Austria). By examining observed self-reported items collected from the four countries, we can assess the measurement invariance (comparability) of the different dimension of unethical consumer behavior. The items were allocated to each of the 4 categories, namely; (1) actively benefiting from an illegal activity; (2) passively benefiting from illegal activity; (3) actively benefiting from questionable activity and (4) no harm/ no foul type based on prior empirical classifications (Muncy and Vittel 1992; and the expansion of that taxonomy by Mitchell and Chan, 2002). These studies empirically established the above taxonomy using data from a single country, but without checking their equivalence across cultures. Here, an empirical analysis for each of the above four categories is undertaken separately using simultaneous (or multi-group) latent class analysis (SLCA). SCLA is the only method available to test equivalence of categorical variables (i.e., done or not done an unethical activity) and robustly deal with a large number of items (Eid Langeheine and Diener, 2003). It involves fixing the probabilities for groups and allowing equality constraints across groups. The reason the analysis is undertaken on category by category basis has to do with the limitations of SLCA method.

Latent class models (LCM) are commonly used to examine the relationship between categorical indicators and the underlying categorical latent variables (Clogg et al, 1984; Clogg and Goodman, 1985; McCutcheon and Hagenears, 1997; Eid Langeheine and Diener, 2003). Specifically, LCM analysis structures the cases into a set of dimensions or subtypes (i.e., "latent classes") on the basis of the unethical activities. The identified latent classes are "conditionally independent" in the sense that the variables are statistically uncorrelated within any one class. In the present study this means that within a latent class that corresponds to a distinct unethical category, engaging in one unethical activity is unrelated to engaging in all others activities. In that sense, LCM removes redundancy of items (in the same way SEM does with correlated errors) within a class. If the effect of latent class membership is removed, what remains is randomness, which, according to Clogg et al. (1984) leads to more natural and useful categories ("latent classes"). In this study,

simultaneous (or multi-group) latent class analysis was used to test cross-cultural equivalence. Eid Langeheine and Diener (2003) provide a detailed account of the advantages as well as the statistical formulae of the method for testing the cross-cultural equivalence of categorical data. Simultaneous latent class analysis identifies classes that display the same response probabilities for categories, e.g., no harm/no foul across cultures. Individuals belonging to the identified classes can then be compared across cultures as their responses are predicted with the same level of certainty. Similar to traditional equivalence methodology, only when measurement equivalence is established can we text the hypothesis that the "sizes of the classes" are equivalent across cultures (i.e., test for differences of unethical activities across cultures). The model allows the testing of partial measurement equivalence where either (1) only some of the latent classes are culturally invariant (universal), while others are culture-specific or (2) only some of the items are invariant across cultures. The two approaches can be combined to test the equivalence of only some items in some classes. The analyses were performed using LEM software program (Vermunt, 1997). For some analyses, there were too many cells in the tables for a comparatively small sample. Many of these cells had small frequencies and distorted the estimations of the fit parameters. To resolve this problem, items with little contribution to the latent class structure were removed from the analysis as proposed by Joreskog and Moustaki (2001). Using that procedure 13 items were excluded (1).

The observed problem of "cell sparsity" is an indication that the excluded items (and corresponding unethical activities), although relevant to the country in which they were developed, are not universally applicable unethical activities (Joreskog and Moustaki, 2001). In summary, to establish measurement equivalence, we need firstly to establish the number of latent classes that characterize the latent variable for each of the groups. Secondly, we must show that the relationship between the unethical activities and the latent variables are equivalent across the groups (McCutcheon and Hagenears, 1997). Thirdly, if complete

equivalence (or homogeneity in the LCM language) is not feasible, then the possibility of partial equivalence (or homogeneity) is explored by relaxing some of the equality constraints in the conditional probabilities. Finally, if measurement equivalence is established we can then test distributional homogeneity hypothesis (i.e., that the size of each latent class is the same across the different groups). Specifically, the L^2 index, with the accompanying degrees of freedom, is used to test the model acceptability. A nonsignificant L^2 is an indication that the model is acceptable. In addition, the BIC (Bayes' Information Criterion) index is also used to check the models parsimony. A low BIC value indicates a more parsimonious model (Lin and Dayton, 1997). To help the reader, the BIC figures that are indicative of the best fit are included in bold characters in the respective fit tables below.

Results

We first describe the results before dealing with our central objective of unethical activity cross-cultural measurement equivalence and our main proposition concerning which types of behaviour are likely to be more universal. We initially explain the analysis in full for each model tested for the first factor, while simply referring to the key findings for other factors.

Actively benefiting from an illegal activity

Table 2 presents the goodness of fit statistics for a series of simultaneous LCMs. Each of the models tests a different assumption, such as whether the unethical activities form part of one of the proposed latent variable, i.e., no harm/no foul in each country, or whether the items do not form part of it across different countries. H1a is the model of independence, which assumes that there is no common latent variable underlying the observed measures for UK, French, US and Austrian consumers, and Table 2 shows that it has a very poor fit. H1b is a heterogeneous unrestricted two class (which we can call light and heavy engagers) LCM for the four countries. H1c is the same as H1b, but with a three class LCM. This helps to establish whether similar number of latent classes characterize the latent structure of each group. Table 2 shows that both models do fit the data reasonably well. However, H1b is more parsimonious than H1c, as it has the lowest BIC. Although a

two class heterogeneous model seems to be adequate, this model implies that the assignment of the consumers to latent classes, as well as the criteria used, varies across the four countries. As a result, the possibility that a similar latent class structure underlies all four countries was examined.

H2 specifies that the parameters used to assign respondents into the two classes of the latent variable are stable for all the groups. Also, the pattern of conditional probabilities belonging to a particular latent class should be the same to all four groups. This helps in the assessment of whether this scale or latent variable is completely comparable for all four countries. Statistically significant L^2 values in Table 2 show that this model is accepted. H2 provides as satisfactory fit to the data and the BIC index indicates that it is a better model than H1b.

Finally, model H3 is similar to model H2 (2 classes homogeneous) with the additional constraint that the probabilities of membership to the different classes are the same (i.e., proportion of light and heavy offenders are the same) in all four countries (distributional invariance). As can be seen in Table 2, this assumption can not be accepted. Thus, British and French consumers are more likely than American and Austrians to actively benefit from illegal activity (see Table 3).

TABLE 2

GOODNESS OF FIT FOR THE DIFFERENT LCM ACTIVELY BENEFITING FROM ALL ILLEGAL ACTIVITY MODELS

Model	L^2	Df	P	BIC
H1a:independence	341	228	< .01	4797
H1b: 2 classes heterogeneous	145	200	> .1	**4783**
H1c: 3 classes heterogeneous	114	172	> .1	4932
H2: 2 classes homogeneous	259	236	> .1	**4663**
H4: H3 + Distributional invariance	304	233	< 0.01	4727

(Figures in bold indicate the model in that group has the best fit.)

The conditional and latent class probabilities for model H2 are exhibited in Table 3. The "light offenders" category represents 74.6%, while the "heavy offenders" represent one quarter of the respondents (25.4%) which is the lowest incident rate of heavy offenders compared to the subsequent types of unethical factors examined.

The distribution of the respondents in these two categories varies across the four countries. The reported conditional probabilities in each column (which show the probability that one will belong to the heavy offenders or light offenders latent class if respond yes or no to the respective items) indicate that it is easier to predict light than heavy offenders. Some items are more indicative of class membership than others (i.e., "giving misleading information to a cahier for an unpriced item" is more indicative than "purchasing an item with the intention of replacing broken parts" for heavy offenders). However, the findings provide support our P1 equivalence proposition in that all the items in this factor involve harm for someone else and have legal implications are seem to be the same between cultures. This means that the items can safely be used as universal measure in all four countries to categorize people into ethical classes in regards to that type of unethical behavior.

TABEL 3
CONDITIONAL AND LATENT CLASS PROBABILITIES FOR ACTIVELY BENEFITING FROM AN ILLEGAL ACTIVITY

	Light Offenders	Heavy Offenders
Latent class probabilities	0.746	0.254
UK	0.099	0.455
FRANCE	0.236	0.312
USA	0.321	0.172
AUSTRIA	0.342	0.061
Using someone else's phone to make a long distance call without permission	0.953	0.403
Giving misleading price info to cashier for un-priced item	0.923	0.641
Reporting lost item as stolen to an insurance company in order to collect the money	0.965	0.377
		0.497
Changing price tags on merchandise in a store	0.958	
Using an expired bus pass to cheat the bus driver	0.903	0.377
rchasing an item with intention of replacing broken or ɔiled parts (e.g. Argos)	0.985	0.169

Passively benefiting from illegal activity

The results in Table 4 suggest that a 2 class heterogeneous model (H1b) has an acceptable fit for the four items. This means that items in this dimension behave differently

across the countries (are not equivalent) and cannot be trusted to assign people in different offence incidence categories. Having accepted model H1b, the distributional homogeneity hypothesis (the existence of equal proportion of light and heavy offenders) was tested (H5). The results in Table 4 show that this hypothesis has to be rejected. Thus, there is a variation of light and heavy offenders in the examined countries. For example, French consumers are less likely to get involved in passively benefiting from illegal activity than the British, American and the Austrians (with probabilities of 0.29, 0.32 and 0.24 versus 0.15 for the French, see Table 5).

TABLE 4

GOODNESS OF FIT FOR THE DIFFERENT LCM PASSIVELY BENEFITING FROM ILLEGAL ACTIVITY MODELS

Model	L2	Df	P	BIC
H1a:1 class heterogeneous	319	44	< .01	5240
H1b: 2 classes heterogeneous	36	24	> 0.05	**5053**
H1c: 3 classes heterogeneous	11	4	< 0.05	5157
H2: 2 classes homogeneous	119	48	< .01	4980
H3: H1b + Distributional homogeneity	44	27	< 0.05	5041

As can be seen in Table 5, the 2 categories of heavy and light offenders are almost equal in size. Looking at the conditional probabilities of the items for each country, it is evident that while these items can predict offender class membership for all countries, they are poor indicators for France. For some reason, the factor of passively benefiting from unethical can not reliably be used to detect heavy from light offenders; although some items in France seem more indicative than others (e.g. "taking advantage by buying more when the salesperson mistakenly gives a lower price on an item" or "lying about a child's age in order to get a reduced price"). These items involve a minor active part from the offending to the appropriation of the benefit or affliction of harm to the transacting party

The results suggest that P1 is not valid as ethics involving harm are not universal when harm is mistakenly self-inflicted by the victim. Interestingly, this applies to all items in the category. France is the country with the highest departure from this measure invariance.

TABEL 5
CONDITIONAL AND LATENT CLASS PROBABILITIES FOR PASSIVELY BENEFITING FROM ILLEGAL ACTIVITY

	Light Offenders	Heavy Offenders
	0.520	0.480
Latent class probabilities		
UK	0.104	0.287
FRANCE	0.349	0.152
USA	0.251	0.320
AUSTRIA	0.296	0.241
Not saying anything when the waitress miscalculates restaurant bill in your favor	0.630	0.756
UK	0.847	0.842
France	0.172	0.000
USA	0.917	0.890
Austria	0.850	0.954
Receiving too much change and not saying anything	0.597	0.753
UK	0.529	0.951
France	0.132	0.109
USA	0.886	0.853
Austria	0.926	0.789
Lying about a child's age in order to get a reduced price	0.688	0.394
UK	0.815	0.429
France	0.479	0.384
USA	0.870	0.279
Austria	0.736	0.510
Taking advantage by buying more when the salesperson mistakenly gives a lower price on an item	0.779	0.406
UK	1.000	0.590
France	0.518	0.187
USA	0.867	0.487
Austria	0.933	0.216

Actively benefiting from questionable activity

Goodness of fit statistics in Table 6 show that model H1b (2 classes heterogeneous model) has an acceptable fit. However, after relaxing the equality restriction for item 2, the goodness of fit reached acceptable levels and BIC index value led us to conclude that H3 is a better model than H1b. We also conclude that the distribution of the respondents across between light and heavy offenders varies in each of the four countries. An inspection of Table 7, suggests that the UK has a slightly lower proportion of “heavy offenders” (0.09)

than France, USA and Austria who actively benefit from questionable activities. Light offenders who seldom actively benefit from questionable activities (40.4%) are greater in UK and USA. The item conditional probabilities show that "renting one double bed hotel room for more than 2 people" seems to be less typical of "heavy offenders" in this type of unethical behavior in Austria than in the other countries. This may have to do with hotel policies or traditions in Austria which makes this behavior more acceptable than elsewhere as it does not involve lying or the need to lie.

Overall, P1 is partially supported as this behavior involves harm to a third party and almost all items are culturally equivalent in measuring this type of misbehavior and classifying offenders.

TABLE 6
GOODNESS OF FIT FOR THE DIFFERENT LCM ACTIVELY BENIFITING FROM QUESTIONABLE ACTIVITY MODELS

Model	L2	Df	P	BIC
H1a :1 class, heterogeneous	694	480	< 0.01	6686
H1b:2 classes heterogeneous	416	448	> 0.1	**6616**
H2: 2 classes homogeneous	568	490	< 0.01	6496
H3: 2 Class partially homogeneous Unrestricting item 2	512	484	> 0.1	**6478**
H4: H3 + distributional homogeneity	562	487	< 0.05	6509

TABLE 7
CONDITIONAL AND LATENT CLASS PROBABILITIES FOR ACTIVELY BENEFITING FROM QUESTIONABLE ACTIVITY

	Light offenders	Heavy Offenders
Latent class probabilities	0.404	0.596
UK	0.332	0.096
FRANCE	0.253	0.259
USA	0.313	0.257
AUSTRIA	0.101	0.388
Taking towels from hotels or blankets from aircraft as souvenirs	0.803	0.586
Renting one double bed hotel room for more than 2 people	0.658	0.894
UK	0.974	0.588
France	0.882	0.578
USA	0.725	0.888
Austria	0.993	0.375
Using an expired coupon when purchasing a product	0.940	0.359

Using a coupon for a product you did not buy	0.943	0.421
Not telling the truth about your financial position when negotiating the price of a new automobile	0.948	0.317
Lying about one's age to get a pint of beer (underage)	0.898	0.668
Using an interior designer's idea but not employing them to do the work	0.273	0.727

No harm/ no foul unethical behavior

Table 8 depicts the different models that were tested. H4 is a modification of H3 and relaxes the equality constraints on the conditional probabilities of items 3, 4 and 9. This model has an acceptable fit and the BIC index suggest that it is more parsimonious than H1b. Thus, the proportion of "light offenders" in the no harm/no foul activities is the same as the "heavy offenders" in all of four countries (Table 9)

TABLE 8
GOODNESS OF FIT FOR THE DIFFERENT LCM NO HARM/NO FOUL TYPE OF UNETHICAL BEHAVIOUR MODELS

Model	L2	Df	P	BIC
H1a:1class heterogeneous	786	480	< 0.01	7345
H1b:2 classes heterogeneous	427	448	> 0.1	**7193**
H2 2 classes homogeneous	8768	490	< 0.01	7370
H3: 2 class partial homogeneous unconstraining items 3,4 and 9	493	472	> 0.05	7105
H4: H3 + Distributional homogeneity	506	475	> 0.05	**7097**

Table 9 displays the latent classes and conditional probabilities for model H4. On average and surprisingly, the class of the "heavy offenders" is bigger (68.9%) than that of the "light offenders" (31.1%). A closer look at the items cannot reveal a clear pattern of heterogeneity as different unethical activities seem to be more representative of heavy or light offenders in different countries. For example, "taping a movie off the TV" is a good indicator of membership of 'light offender' in Austria, while "returning a product after trying it and not liking it" is an extremely poor indicator for the same group in Austria.

Overall, the results provide limited support to P1 as almost half of the unethical activities in this category are subject to cultural variation.

TABLE 10
CONDITIONAL AND LATENT CLASS PROBABILITIES FOR NO HARM/NO FOUL UNETHICAL BEHAVIOUR

	Light Offenders	Heavy Offenders
Latent class probabilities	0.311	0.689
UK	0.191	0.191

FRANCE	0.256	0.256
USA	0.282	0.282
AUSTRIA	0.270	0.270
Jumping queue when there is a long queue (e.g. as entering the nightclub)	0.744	0.592
Taping a movie off the TV	0.419	0.899
UK	0.338	1.000
France	0.150	0.941
USA	0.394	0.947
Austria	0.759	0.736
Returning a product after trying it and not liking it	0.576	0.708
UK	0.583	0.833
France	0.159	0.870
USA	0.621	0.835
Austria	0.080	0.333
Recording an album instead of buying it	0.789	0.825
Using computer software or games that you did not buy (not shareware or freeware)	0.871	0.658
Taking the coins which are mistakenly left by others in a vending machine	0.566	0.839
Not paying for travel fares (bus or train) if the conductor doesn't check	0.853	0.539
UK	0.716	0.758
France	0.943	0.611
USA	1.000	0.119
Austria	0.711	0.755

Table 10 below summarises the distribution of heavy offenders across countries. The first row in this table indicates the average proportion of the population that fall in the category of "heavy offenders" for each type of unethical behaviour. The p-value in the parenthesis is the significance level of a Wald chi square test with 1 degree of freedom that proportion of people classified as "heavy offenders" is statistically different from the proportion classified as "light offenders". As can be seen, the there is no statistical difference (at a=0.05) in the number of people classified as "heavy offenders" and "light offenders" in the "passively benefiting from illegal activity" (48% vs 52%) and "actively benefiting from questionable activity" (59% vs 41%). On average, there is a significantly lower proportion of heavy offenders in the "actively benefiting from an illegal activity" category (25%), whereas, a statistically larger proportion (69%) of the sample are classified as heavy offenders in the "no harm/no foul" category.

The second part of table 10 breaks down the probabilities of heavy offenders coming from a specific country, the sum of each column in this part equal to 1. The last row gives the results of a Wald Chi Square test (with 3 d.f) that checks the differences across countries. As can be seen there are statistically significant differences in the distribution of "heavy offenders" across the 4 countries for every single category of unethical behaviour. To facilitate reading of the table, the highest prevalence of heavy offenders (in each category) was highlighted with boldface numbers (the lowest in italics). With the exception the "no harm/no foul" category where only a slight difference (p=0.015) in variation of the distribution of heavy offenders is observed there are significant differences across the countries. Compared to the other countries "heavy offenders" are more prevalent in the UK (45%) and France (31%) in the actively benefiting from an illegal activity. In the USA, there is a slightly higher occurrence of "heavy offenders" in two categories of misbehaviour (Passively benefiting from illegal activity (32%) and no harm/no foul (28%). Finally, there more Austrian "heavy offenders" in the actively benefiting from questionable activity category (39%), than any of the other three countries.

TABLE 10
SUMMMARY OF THE OVERALL RESULTS OF UNETHICAL ACTIVITES ACROSS COUNTRIES

	ACTIVELY BENEFITING FROM AN ILLEGAL ACTIVITY	**PASSIVELY BENEFITING FROM ILLEGAL ACTIVITY**	**ACTIVELY BENEFITING FROM QUESTIONABLE ACTIVITY**	**NO HARM/NO FOUL UNETHICAL BEHAVIOUR**
	Heavy Offenders	Heavy Offenders	Heavy Offenders	Heavy Offenders
Latent class probabilities	0.254 (p<0.001)	0.480 (p=0.875)	0.596 (p=0.061)	0.689 (p<0.001)

UK	**0.455**	0.287	*0.096*	*0.191*
FRANCE	0.312	*0.152*	0.259	0.256
USA	0.172	**0.320**	0.257	**0.282**
AUSTRIA	*0.061*	0.241	**0.388**	0.270
Wald chi square df=3	59.47 (p<0.001)	16.17 (p=0.001)	38.02 (p<0.001)	10.47 (p=0.015)

Discussion

The main objective and contribution of the study is the empirical establishment a metrically equivalent measure of consumer unethical activities across four cultures. Results show that existing measures of unethical activity after adjustments and by taking into account measurement error can be used for cross-cultural comparisons. Specifically, the study established taxonomies (latent classes) of consumers according to unethical activities that are equivalent in four relatively heterogeneous countries. Two of the dimensions used to define these taxonomies have partial measurement equivalence while one is fully equivalent and the other one is not equivalent. The findings allow methodologically sounder cross-cultural comparisons that take into account both the universal elements as well as cultural idiosyncrasies.

A second objective is to test our proposition that consumers' unethical activities involving harm to others and have legal considerations will be less culturally variable compared to behaviours that involve no harm/no foul. From the results we can see some evidence to support this in that the models for actively benefiting from illegal activity do not vary by country whereas other dimensions are partially equivalent or non-equivalent. Especially those related no harm/no foul behaviours which contain items that are much more based on social conventions and local transacting practices. One interesting finding related to the universality of the ethics involving harm is related to who is responsible for inflicting the harm. There is a difference between harm/loss self-inflicted by a mistake to the victim and

harm/loss inflicted intentionally by the actions of the offender. Specifically, there is cross-cultural universality in the harm inflicted by action of offender, whereas a cultural variation was observed when harm/loss is inflicted accidentally or mistakenly on the victim. This suggests that a better conceptualisation of consumer unethical activity should focus more on the concepts of harm and loss and underlying responsibility rather than benefit.

Looking at the extent of unethical activity, all countries have a very similar share of frequent cheats in the no harm/no foul dimension. However, an inspection of the unrestricted (culturally variant) items shows that there is high variability regarding these relatively harmless misconduct. For example, while not taping a movie from the TV can determine light offenders in Austria, it is a poor indicator of this group in all the other countries. The same it is true for returning a product after trying it that is a poor indicator in Austria and France. An explanation for these observed differences may rely on subtle different social perceptions of what is better or worse behavior rather than what is right and wrong. Jones' (1991) moral intensity model asserts that social consensus it the most important issue when assessing one's perception, evaluation and response to a moral issue (Davis et al. 1998), which is "the extent to which people agree an act is evil or good" (Jones 1991, p 369). For example, if most French consumers regard copying movies from TV as acceptable, or CD prices as too expensive, they might allude to social consensus to justify the copying of movies or CDs. Specifically, not paying for bus or train fares if the conductor does not check, seems a totally untypical behavior for heavy offenders in America. This may be because many fewer consumers use public transport in the US than in Europe and thus have to experience such a dilemma (paying or not paying). The French also are less likely to be determined as heavy offenders by this behavior as compared to the British and Austrians. For Austria, this may be explained by the fact that most public transport systems operate on an honor code and tickets are only checked infrequently. However, despite the cultural variation in these three items that have to do with local conditions, transacting norms, and opportunities to get involved in such behavior, the other four items are culturally equivalent suggesting that in many cases it is not the size of the

harm/loss, but the responsibility of the offender for the harm/loss afflicted that determined cultural equivalence.

A third objective is to examine the prevalence of these unethical activities. The results show that the USA and UK have a slightly higher proportion of "heavy offenders" than France and Austria who passively benefit from questionable activities. While such activities are important in determining whether someone is heavy offender in both UK and USA, recognizing their wrongfulness, it is also evident that these countries have higher proportion of heavy offenders than other countries. One explanation for this can be drawn from difference in individualism within these societies that everyone is for him/herself and is the sole responsible for his mistakes and loss incurred because of them. In contrast, in collectivist societies, people may feel more responsible for the harming errors of themselves. Besides, collectivistic values tend to like tradition, conformity and security and are positively related to the perceived seriousness of transgressions whereas individualistic values of stimulation, self-direction and universalism were negatively related (Feather, 1996); thus individualist countries such as the UK and USA have a higher proportion of heavy offenders in this instance.

In contrast, Austria and France have the highest proportion of light offending consumers who seldom actively benefit from illegal activities (Table 10). This might in part be due to Catholic countries being stricter on ethical behaviour than in more permissive Protestant countries. Although our findings confirm previous research (Cohen and Rozin, 2001; Cohen, et al. 2006; Vasquez et al. 2001; Shweder, Mahapatra, and Miller, 1990), the differences were not substantial or consistent across all the categories of unethical activities. This might be because of a convergence in many of the moral values (and particularly autonomy and obedience) for Protestantism and Catholicism (Starks and Robinson, 2005) and the growing secularisation (i.e. indifference for religion) of many Western Societies which may reduce any differences on moral behaviour based on the Shweder's "ethics of divinity".

Implications

Implications of the results fall into two main areas. First, we present the implications for theory and understanding consumer behavior in this domain. Second is the guidance which might be given to international manufacturers and retailers' to prevent or reduce unethical consumer behavior.

The research has shown that the four factor model described by Muncy and Vitell (1992) has mixed validity in the four countries studied and its precepts of; the role played by consumers (i.e., whether they are active or passive in the behavior), the perceived illegality of the behavior (i.e., whether deceitful or fraudulent behaviors are involved) and the perceived severity of the consequence can be useful in understanding why consumers engage in unethical behavior. The measures of one type of consumer unethical activity was culturally equivalent, one non-equivalent (culturally variable) and two partially equivalent in the four countries examined. It emerged from the study that responsibility of the offender in the harm or losses incurred are more important indicators of the universality of the measure, rather than the size of harm or loss. The implication is that most parts of this categorization as defined in this study may be used internationally with greater confidence by researchers and marketers.

A second theoretical implication evolves from the fact that much of marketing theory and practice places consumer sovereignty at the heart of its ideas and measures companies' ability to process such information (Deshpande and Farley 1998). However, such approaches tend to assume that consumers behave appropriately. Our research suggests that many consumers in many countries do not behave appropriately and that customers can and do abuse businesses. Such observations are a challenge to the dominant logic of consumer sovereignty and require a more sophisticated understanding of how consumers actually behave in specific transaction contexts.

In terms of business implications, multi-national firms could also use the results to prepare managers for overseas assignments by orienting them to differing values in the host country and providing them with appropriate policies for dealing with those different ethical values (Al-Khatib et al. 1997). Managers in these countries should be made aware of the

nature our index of unethical behaviors and should digest the prevalence and risk of occurrence for their businesses. Secondly, knowing which behaviors are most prevalent as well as the cost of these to the business, managers can make decisions on which particular behaviors are most harmful to the business. Cross-culturally, shoplifting for fun was much more prevalent in the UK and international businesses operating in the UK might need to consider more preventative measures such as in-store point-of-purchase type displays with directly-worded statements like, "we are all hurt by shoplifting" or "shoplifting is everyone's responsibility," retailers can thwart consumers' using "the denial of injury" and "denial of responsibility" excuses.

Conclusions

The issue of personal morals and their identification and measurement is crucial in international research. This is because many, if not all, marketing transactions rely on a set of assumptions that the other person will fulfil their side of the exchange and this requires a common understanding about what is, and what is not, appropriate in that exchange context. In international environments, such understanding can often be limited and even when some understanding is present; it can differ markedly between cultures.

The current research sheds light on this issue and extends previous research in several respects. First, most studies on consumer ethics have used existing US scales with few modifications which raises questions concerning their universal applicability in different cultures. The current research combines unethical situations from previous studies with findings from in-depth interviews to tailor-make a new 37-item index which formed the International Consumer Index of unethical behavior. Second, the research measured whether consumers had actually engaged in these misdemeanors rather than their attitudes towards them, as most previous research has done. Third, the samples used are more representative of the countries populations than those used in many other studies which only sampled students (e.g. Fullerton et al. 1997; Polonsky et al. 2001). Fourth, most cross-cultural ethics studies have used two countries and none has used four countries to explore

international differences in American and European unethical behavior. The study has established that despite cultural, institutional and legal framework differences across the four countries, certain misbehaviors (normally not visible and recorded by the police) are comparable (equivalent) and can be used to measure different aspects of consumers' ethical behavior and might be used as a benchmark for future investigations. We found a set of behaviors to be typical for all four countries. There were two latent classes that could explain unethical behaviours, "light offenders" and "heavy offenders". The results indicate that unethical consumer behavior, whether legal or illegal, is highly pervasive and up to three quarters of consumers in all four countries can be classified as 'heavy offenders', having engaged in these activities at least once. Finally, as predicted, we found that unethical activities based upon laws were much common in all four countries whereas unethical activities based up social conventions were not.

Limitations and Further Research

The research has several limitations from which, for some, we can derive further research suggestions. First, the samples used were restricted quota samples and therefore how representative the results are for each country can be questioned. Thus, further research might use larger more nationally representative samples in more countries and use more individual in-depth interviews with key informants (e.g. prisoners or self-confessed system abusers) to elicit an even more comprehensive range of consumer misbehaviors to further our understanding in this area. Second, our questionnaire only asked if consumers had ever engaged in these activities, this gives little indication of their frequency of occurrence. Frequency data would be useful for identifying the worst activities and estimating cost implications of misdemeanors. We also did not examine the likelihood of getting caught and risk involved while committing these acts. Again, this might have made an interesting comparison between countries. Unethical activities are more likely to be moderated by perceived social risks and there is likely to be a positive correlation between *risk propensity*

and consumer ethics. Risk propensity is the opposite of the related concept, uncertainty, and consumers with a high risk propensity are more willing to take a position that is less socially desirable or morally questionable and they will therefore be less sensitive to deterrents of benefiting from questionable actions (Rallapalli et al. 1994). Third, this is a cross-sectional research design and like much previous research on consumer ethics has placed emphasis on theoretical aspects, neglecting the practical implications for retailers and social policy makers who may need to track the nature of unethical activities in the different countries more precisely and longitudinally. To do this, further research might attempt a more comprehensive index, which might include general crime and retail crime statistics such as data from the European Retail Theft Barometer (2006). Finally, we have not tackled how the results can be used by international businesses to reduce unethical activity. Businesses could, for example, produce signage and advertisements which explicitly address the most common or most costly activities and explain the illegality of these actions and the consequences which would occur if consumers are caught engaging in them. The type and usefulness of such strategies requires further investigation.

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1. Specifically, a breakdown of the items that were not included is as follows: actively benefiting from an illegal activity, drinking soda in supermarket without paying for it, including your personal expenses under business expenses (e.g. personal car mileage, wine for friends and girlfriends), accidentally walking out with a product and not returning to pay for it, opening a pack and stealing a few items when only wanting a few items which are sold in packs. Actively benefiting from questionable activity, taking advantage of trial periods (e.g. free sunbed trials or trial day for health clubs and gyms), eating grapes or poking oranges in supermarket to taste the fruit and not buying them when they taste sour, not notifying a company after receiving subscribed items (e.g. magazines) for the previous occupier of your new home, making deliberate inaccuracies in your favor on an income tax, never mention an accident which was not your fault to the car hirer when renting a car. No harm/ No Foul Unethical Activities, installing software for free from the computer shop, park a car in town where there was credit in the meter and left without paying the meter, occupying seats in the bus which are meant for the disabled or elderly, spending time in the book shop reading the book wanted and not buying it.